

## Message Text

CONFIDENTIAL

PAGE 01 PEKING 01831 160514Z  
ACTION EA-12

INFO OCT-01 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00  
EB-08 FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 PA-01 OES-07  
STR-07 /078 W

-----092031 170307Z /20

R 160320Z JUN 78  
FM USLO PEKING  
TO SECSTATE WASHDC 1093  
INFO AMCONSUL HONG KONG  
AMEMBASSY TOKYO

C O N F I D E N T I A L PEKING 1831

E.O. 11652: GDS  
TAGS: EAGR ETRD CH US

SUBJ: CHINESE AGRICULTURE

SUMMARY: FORMER SECRETARY OF AGRICULTURE ORVILLE FREEMAN VISITED THE PRC WITH THE NEW YORK BOARD OF TRADE AS THE GUEST OF THE CCPIT. MR FREEMAN MET WITH VICE MINISTER OF AGRICULTURE HO KANG. HO CONFIRMED FREEMAN'S ESTIMATE OF 1977 CHINESE GRAIN PRODUCTION AT ABOUT 280 MILLION TONS, AND SAID HE INTENDS TO LEAD A DELEGATION TO THE US IN JULY. MR. FREEMAN EXPRESSED THE VIEW THAT CHINA'S AGRICULTURE IS WELL-MANAGED, PRODUCTIVE, AND SOLIDLY BASED. END SUMMARY.

1. FORMER SECRETARY OF AGRICULTURE, ORVILLE FREEMAN, MET WITH VICE MINISTER OF AGRICULTURE HO KANG THE MORNING OF JUNE 13. HO SAID THAT HE INTENDED TO LEAD AN AGRICULTURAL DELEGATION TO THE US IN JULY. OST OF WHAT HO SAID WAS IN THE LINE WITH PREVIOUS STATEMENTS, BUT HIS EMPHASIS OCCASIONALLY WAS NEW.

2. HO SAID THAT CHINESE AGRICULTURAL PRODUCTION GREW  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PEKING 01831 160514Z

BY AN AVERAGE OF 3 PERCENT A YEAR FROM 1950 TO 1970 AND THUS EXCEEDED THE RATE OF POPULATION GROWTH. SINCE 1970, HOWEVER, THE GROWTH RATE HAS BEEN LOWER BECAUSE OF THE POLICIES OF THE GANG OF FOUR. HE REPEATED THE AGRICULTURAL GOALS OF THE TEN YEAR PLAN (400 MILLION TONS OF GRAIN, 4-5 PERCENT ANNUAL GROWTH). HO SAID IN ORDER TO ACHIEVE THESE GOALS, CHINA WOULD INCREASE THE AREA OF HIGH

YIELD AND STABLE CULTIVATION, IMPROVE YIELDS IN GENERAL AND ADD 10 MILLION HECTARES OF LAND NOW NOW IN CULTIVATION.

3. HO SAID THE NATIONAL GRAIN YIELD WAS NOW 3 TONS PER HECTARE BUT IN ONE AREA OF KIANGSI THE AVERAGE YIELD WAS 9.5 TONS, AND IN MANY SMALLER AREAS THE AVERAGE WAS 9.8 TONS A YEAR. HO REPEATED THE LONG-TERM GOAL OF MOVING WATER FROM THE YANGTZE RIVER TO NORTH CHINA AND TO INCREASE IRRIGATED ACREAGE. HO STATED THAT IRRIGATED AREAS WAS NOW 20 MILLION HECTARES, WHICH THE PRC INTENDED TO DOUBLE BY 1985. THIS REQUIRES A GREAT DEAL OF WINTER FARMLAND CONSTRUCTION, INCLUDING TERRACING AND IRRIGATION WORKS BUT HO THOUGHT THIS WOULD

BE POSSIBLE SINCE THE AVAILABLE AGRICULTURAL LABOR FORCE NORTH OF THE YANGTZE EXCEEDED 100 MILLION PEOPLE.

4. IN RESPONSE TO FREEMAN'S QUESTIONS ABOUT THE AGRICULTURAL BUDGET, HO REPLIED THAT, OF COURSE, HE WAS NOT SATISFIED WITH THE AMOUNT OF HIS BUDGET, BUT POINTED OUT THAT MOST OF THE AGRICULTURAL BUDGET WAS LOCALLY FINANCED, INCLUDING THAT OF CAPITAL CONSTRUCTION. IN SOME AREAS, HOWEVER, THERE WOULD BE SUBSIDIES FROM THE STATE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PEKING 01831 160514Z

5. HO REPEATED THE GOAL OF 80 PERCENT MECHANIZATION OF ALL MAJOR FARM OPERATIONS, INCLUDING HARVESTING AND SOWING, BY 1985. MONEY FOR MECHANIZATION WILL COME PRIMARILY FROM THE COMMUNES, BUT THE STATE WILL ALSO PROVIDE A SUBSIDY.

6. HO SAID THAT BY 1985 AN ADDITIONAL 10 MILLION HECTARES OF VIRGIN LAND WOULD BE BROUGHT TO CULTIVATION IN COMMUNES AND STATE FARMS IN NORTHEAST CHINA. HE SAID THE STATE FARM IN HEILUNGKIANG FOR WHICH JOHN DEERE IS PROVIDING EQUIPMENT IS AN EXAMPLE OF ONE OF THE NEW FARMS. HE SAID THE POTENTIAL FOR INCREASED PRODUCTION WAS GREAT. AT PRESENT STATE FARMS OCCUPY ONLY 4 PERCENT OF CHINA'S CULTIVATED LAND. THE INCREASED LAND UNDER CULTIVATION WOULD BE 80 PERCENT IRRIGATED, AND MOST OF IT SOWN TO CORN. HO SAID "WE HOPE TO MOVE FORWARD FROM THE COMMUNE TO THE STATE FARM. WE ARE COLLECTIVIZED FOR THE TIME BEING, BUT IN THE FUTURE WE HOPE FOR MORE STATE FARMS, THUS ALL THE PEOPLE WILL HAVE OWNERSHIP OF THE MEANS OF PRODUCTION." FREEMAN INTERPRETED THIS STATEMENT AS A STATEMENT OF LONG-TERM INTENTION, WHICH WILL HAVE NO EFFECT ON CURRENT ORGANIZATION

OF AGRICULTURE EXCEPT IN THE VIRGIN LANDS BEING OPENED IN THE NORTHEAST. FREEMAN SAID HE EXPECTED THAT THE COMMUNES WOULD BE MORE EFFICIENT THAN STATE FARMS, AND NOTED THAT VERY LARGE FARMS WERE USUALLY NOT EFFICIENTLY MANAGED. HO POLITELY DISAGREED. FREEMAN SAID HE SUSPECTS THAT THE DIFFERENCES IN HIS POINT OF VIEW AND HO'S MAY BE THAT HO IS TALKING ABOUT YIELD PER HECTARE AND HE IS TALKING ABOUT YIELD PER PERSON.

7. FREEMAN SAID THAT HE UNDERSTOOD THAT CHINESE GRAIN PRODUCTION IN 1977 WAS "ABOUT 280 MILLION TONS". HO SAID THAT THIS WAS CORRECT. IN AN EFFORT TO FIND OUT SOMETHING ABOUT CHINESE GRAIN RESERVES, FREEMAN WAS UNSUCCESSFUL. HO DID SAY, HOWEVER, THAT THE GOAL IS A CARRY-OVER OF 30  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 PEKING 01831 160514Z

PERCENT PER YEAR, WHICH HE ADMITTED READILY WAS A GOAL THAT CHINA HAD NOT REACHED BECAUSE OF LACK OF PRODUCTION.

8. HE WAS TOLD BY HO THAT THE PRC WILL BUILD MORE FERTILIZER PLANTS, PARTICULARLY COMBINED PLANTS, WHICH WILL PRODUCE PHOSPHATE AND POTASSIUM FERTILIZERS AS WELL AS NITROGEN.

9. FREEMAN GAVE SEVERAL COMMENTS ON CHINESE AGRICULTURE FROM HIS BRIEF VISIT. FIRST HE FELT THAT DESPITE MORE RAPID GROWTH IN AGRICULTURAL PRODUCTION RECENTLY IN INDIA THAN IN CHINA, CHINESE AGRICULTURE WAS MORE SOLIDLY BASED THAN INDIA. HE BASES HIS CONCLUSION ON BETTER CULTURAL PRACTICES IN CHINA AND A SUPERIOR EXTENSION SERVICE, WHICH INCLUDES EFFECTIVE FEEDBACK FROM THE LOCAL POPULATION. FROM HIS VISIT TO THE NANKING AGRICULTURAL INSTITUTE, WHERE SCIENTIFIC WORK OF HIGH QUALITY WAS BEING DONE, HE CONCLUDED THAT SEED IMPROVEMENT AND LOCAL ADAPTATION WAS GOING WELL, AND THAT INCREASED APPLICATION OF FERTILIZER WILL PRODUCE CONTINUED INCREASES IN YIELD. FREEMAN ALSO THOUGHT THAT WORK WITH INSECTICIDES AND PESTICIDES WAS DOING WELL. IN GENERAL HE FOUND CHINESE TECHNICAL AND SCIENTIFIC PERSONNEL IN AGRICULTURE, MODERN, PROFESSIONAL, AND WORKING ON PROJECTS WITH IMMEDIATE RELEVANCE.  
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## Message Attributes

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**Decaption Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014